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R.I. Pitches Wellness Plans For Small Business

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By Ric Gross

Already known as a mecca for fine sports teams—think Patriots and Red Sox—New England is fast becoming known as a region for innovative healthcare reform efforts as well.

Massachusetts, Maine and Vermont have captured headlines with their respective efforts to cover the uninsured, and Rhode Island has now stepped up to take a swing, albeit with a slightly different bat.

Rather than step out of the batter's box with a plan solely for the uninsured, Rhode Island's first step is a product offering geared toward small businesses unlike any other the state has seen.

In early April, the state's Office of the Health Insurance Commissioner approved the wellness benefit plan offerings that state law requires. They are offered by Blue Cross & Blue Shield of Rhode Island and UnitedHealthcare of New England.

The products will be offered to businesses with fewer than 50 employees, and in setting parameters for the products, state officials said the plans need to offer comprehensive coverage and lower premium costs by giving incentives to enrollees who are actively engaged in managing their own healthcare.

Plan Designs. The plans will be rolled out Oct. 1, with small businesses most likely being the first to give the products a hard look. Average rates for an individual monthly premium are $309.07 and $322 for UnitedHealthcare and the Rhode Island Blues, respectively, around 18 percent less than comparable plans on the market, officials noted.

In addition, for the initial rollout of the plans, employers will be able to lock into a 15-month rate, carrying them through until Jan. 1, 2009, at which time annual renewals will commence. The product's requirements were determined by the state's Well-Care Advisory Committee, a group consisting of small employers, Direct Pay subscribers, employer organizations, health insurance brokers, consumer advocates and labor unions.

The state charged the insurers to submit plans for approval with an average premium of less than 10 percent of average state wages, and the two health plans were told to rework their bids twice before the final ruling was issued.

After the announcement, state officials were quick to note the products would not be a home run for everyone, however, as those who sign up must be willing to exchange some personal commitment for lower premiums and deductibles.

"When you look at the uninsured in Rhode Island, it is coming from small group," said Matthew Stark, principal policy associate in the Office of the Health Insurance Commissioner. "If we can stem the tide of folks coming out of small group and give small employers who are on the verge something to hold on to, that is something significant."

Officials have estimated around 116,000 state residents work in small businesses, though nobody expects even close to half that number to sign up. State officials have suggested a number of 5,000 to 10,000, with Stark noting each insurer is allowed to cap enrollment at 5,000 if they so choose.

"When trying to assess what the benefit design was going to be, there was a lot of consideration on how aggressive we should be and how much risk the insurer should bear," Stark said. "I think we were fairly aggressive, and to protect them somewhat we gave the option of capping enrollment."

The two health insurers involved were remaining mostly tight-lipped on the issue, with Kim Keough, spokeswoman for Blue Cross & Blue Shield of Rhode Island, noting the plan was still reviewing details of the commissioner's order.

"Because the final design is significantly different from what we submitted, we want to take the necessary time to review it thoroughly," Keough said.

ADVANTAGE & BASIC: PLAN DESIGN COST SHARING

Advantage Plan

Cost	Blue Cross	United
Average monthly premium	$322	$309.07
Individual deductible	$750	$750
Individual out-of-pocket maximum	$2,000	$2,000
PCP office visit	$10 copay	$10 copay
Prescription drug coverage	$10/$40/$75	$10/$40/$75

Basic Plan

Cost	Blue Cross	United
Average monthly premium	$322	$309.07
Individual deductible	$5,000	$5,000
Individual out-of-pocket maximum	$5,000	$5,000
PCP office visit	$30 copay	$30 copay
Prescription drug coverage	$10/$40/$75	$10/$40/$75

Source: R.I. Office of the Health Insurance Commissioner

Jason C. Martiesian, UnitedHealthcare's director of government relations, told The Providence Journal he thought the product would work, but noted a different type of sales job would be needed due to the commitment level involved.

Meanwhile, the announcement drew mostly positive response from industry-watchers.

"In Rhode Island, the health benefit issue, particularly for small and mid-size businesses, is really very critical," said Edward M. Mazze, distinguished university professor of business administration at the University of Rhode Island and a member of the governor's insurance council. "The fact they moved ahead and there are now products out there provided by the two carriers is a major step forward.

"There will still be some significant issues, but the sate is moving in the right direction," Mazze added. "Health benefits in Rhode Island have been among the biggest deterrents for small companies growing in the state, and other small and mid-size companies coming to the state."

Special Features. In submitting the proposals, the two insurers were required to develop a plan with an average premium of 10 percent of average Rhode Island wages, commit to a timeline for rolling out tiered provider networks and create 'Advantage' and 'Basic' cost-sharing levels, depending on enrollees' commitment to certain cost-cutting initiatives.

For example, the Advantage plan features lower deductibles, lower copays and lower out-of-pocket maximums, but there are trade-offs. In the Advantage plan, in exchange for of the lower price points, enrollees must select a primary care physician, complete a health risk appraisal, pledge to either remain at a healthy weight or participate in a weight management program if morbidly obese, pledge to either remain smoke free or participate in smoking cessation programs, and pledge to participate in disease and case management programs if applicable.

Officials said in the first year of the program, enrollees will be asked to promise to participate, whereas in the second year, they will be asked to prove participation, though the mechanism for that has yet to be determined.

"This isn't just a discount for nothing, it is in exchange for people willing to make a personal commitment," Stark said. "A lot of reaction I get is this is big brotherish. I say it is choice. You can do this or choose not to do this. These are choices. If you want to make these commitments, then we will commit to try and keep affordable products out there for you.

"We are starting to work with the community to say what are we going to do together about this issue," Stark added. "We can't just vilify insurers. We have to deal with the underlying cost drivers."

State officials are hoping the disease management programs will produce savings in the long run, as employees with such chronic conditions as asthma or diabetes have their conditions effectively monitored and treated.

"I think it is really interesting that they are trying to create these plans, trying to put meat on the bones of that concept," said Enrique Martinez-Vidal, acting director of State Coverage Initiatives at Academy Health, a Washington, D.C.-based health services and policy research organization. "You see [California] Gov. [Arnold] Schwarzenegger's proposal to encourage wellness, and you see it in Vermont. They are trying to walk the walk with it in Rhode Island, so to speak."

Martinez-Vidal said he applauds state officials for trying to get at the underlying drivers of cost, rather than structure benefit designs for what amounts to 'surface' cost savings. However, a host of pieces must fall into place for those savings to ultimately occur.

"The hardest thing you can ever try to do is change people's behavior," Martinez-Vidal said. " If you can set up the plan to encourage that and set up financial incentives to encourage that, well that is the way it has to happen."

Mazze said he could see a scenario where many are unable to comply with the requirements of the Advantage plan after signing up for it, and thus move into the Basic plan. He also noted the insurers and state will have to formulate an extensive marketing campaign to adequately explain the product and its requirements.

"Still, I think the wellness health benefit plan is a good plan for Rhode Island right now," Mazze noted. "It shows there is a concern from a public policy point of view with trying to wrestle with this issue. As I look around I see virtually every state trying to do something to take care of a large number of people not covered by health insurance.

"Some of these other states will create pools of money to cover uninsured individuals," Mazze said. "This plan is unique as it addresses a key segment of the Rhode Island economy, which is different from other states. Close to 90 percent of the businesses in Rhode Island are small businesses. Rhode Island will find it difficult to attract large companies, and by putting this health program in place, we are helping small businesses in the state."

Tiered In 2009. Another aspect of the plan calls for reliance on tiered provider networks, encouraging enrollees to select providers who have demonstrated cost-effective, high-quality practice patterns, with enrollees paying extra for a provider not in a plan's Tier 1 network, for instance.

When this part of the equation was first announced, it was met with some backlash, with Keough saying there is no sound way to tier providers in terms of quality and the Rhode Island Medical Society putting up a red flag as well over the idea of determining quality based on claims data.

The state did not drop this piece of the puzzle, but did give plans until Jan. 1, 2009, to implement the tiered network.

"We understand this is a difficult thing to implement and you can't just foist it on the community," Stark said. "We decided to work on the lower-hanging fruit this year, and have something in place for 2009."

Outlook. Rhode Island is trying a new strategy with its "I promise to be good" approach, and like Vermont, is looking to address one of the issues causing costs to spiral out of control. However, getting individuals to stick by their pledge, coming up with the means to enforce that pledge, not to mention the difficulty of tiering providers, are all obstacles. However, any state putting out an innovative product such as this deserves kudos. ■